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C O N F I D E N T I A L SECTION 01 OF 02 TBILISI 001528

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DEPARTMENT FOR DAS BRYZA AND EUR/CARC

E.O. 12958: DECL: 06/22/2017  
TAGS: [PGOV](#) [PHUM](#) [ECON](#) [EAID](#) [GG](#)  
SUBJECT: MCC DANILOVICH MEETS MINORITY LEADERS IN ETHNIC  
ARMENIAN REGION

Classified By: AMBASSADOR JOHN F. TEFFT. REASONS: 1.4 (B) AND (D).

11. (C) SUMMARY: On June 14, Millennium Challenge Corporation (MCC) President John Danilovich, accompanied by Ambassador Tefft and MCC Country Director Colin Buckley, traveled to the ethnic Armenian area of Samtskhe-Javakheti to meet members of the local government and civil society. This isolated and impoverished region will benefit from MCC's planned construction of a road which will link its main city, Akalkalaki, to Tbilisi and provide a way in which farmers can transport local agricultural products to markets to the capital. The biggest concern from residents was whether the road contractor would hire local workers. They also asked how to obtain funding for other needed projects including improving local roads and building local factories. Danilovich and Buckley responded that contractors make rational decisions based on factors such as cost and skill and encouraged residents to complete applications to compete for funds from the MCC compact. End summary.

12. (C) On June 14, MCC President John Danilovich, accompanied by Ambassador Tefft, MCC Country Director Colin Buckley and Millennium Challenge Georgia Director Lasha Shanidze, traveled to the ethnic minority region of Samtskhe-Javakheti to meet members of local government and civil society. This isolated and impoverished region of Georgia will benefit from MCC's planned construction of a new road which will link its main city, Akalkalaki, to Tbilisi and thereby provide a way in which farmers can transport highly-valued local agricultural products, including cheese and potatoes, to larger markets in the capital. Danilovich explained that the MCC program is structured not as an American program to solve Georgian problems but as a Georgian program that allows Georgians to identify and solve their own problems.

13. (C) Citing high unemployment as the region's greatest challenge, all residents expressed concern over whether the road contractor would hire local workers. They argued that unemployment levels were exacerbated this year by the Russian bans which suspended visa issuance and cut transportation links, resulting in 8-9,000 more unemployed from seasonal workers who were unable to travel to Russia. Hamlet Mousesian, the Parliamentarian representing the region argued that the region contained skilled workers and said that he had met with Minister of Education Lomaia to arrange for any professional courses that local workers might need to increase or improve those skills. He noted also that local workers would be cheaper than those from outside Georgia and expressed concern about the political implications in an ethnic Armenian region of bringing ethnic Turks (as the contractor is expected to be) to work on the road. Other questions were about the start date of construction and potential benefits of the road.

14. (C) Buckley responded that although the U.S. cannot

require contractors to employ locals, contractors make rational decisions based on skill and cost. He noted that the arguments made by the Council represented good reasons to hire locally and added that other projects funded by MCC, employed locals for those reasons. Buckley also outlined MCC's view of benefits of the road. In the short term, the contractor would need local assistance including housing, food and other services in addition to the possible benefit of local employment. MCC believes that the long-term benefits of the road will be profound as it will make it easier to transport goods to markets in Tbilisi and the region. Although he could not put a start date on construction, he noted that the road would be complete by the end of the MCC compact in 2011. Shanidze said that bids are now being considered and estimated that MCG would know the start date of construction following the conclusion of the tendering process at the end of July.

15. (C) Other issues from residents included requests to improve local roads as well as open dairy farms, cheese processing plants and sugar mills which could both take advantage of the regions highly-valued agricultural products and provide employment for the population. Danilovich responded that the region had been awarded two MCC Agricultural Development Assistance grants for such purposes and encouraged individuals to submit applications for funding of specific projects to MCC. Shanidze said that MCG is planning to place a liaison in Akalkalaki and Ninotsminda, in addition to its office in Akhaltsikhe, in order to answer questions and help individuals fill out applications. Buckley encouraged resident also to consider MCG's public outreach office in Tbilisi as an informational resource.

16. (C) COMMENT: The visit of Danilovich and the Ambassador was warmly welcomed by the local community, which continues

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to suffer high unemployment as a result of the closure of the Russian base this year. This is the biggest issue on their agenda. Interestingly, neither in the town hall meeting nor in the follow-on lunch did anyone raise any concerns related to the minority population and its relationship to Tbilisi. One of the most difficult challenges to overcome, however, a lack of initiative and innovation which is a Soviet legacy in this region. What the population would prefer is for the Government to build factories in which the residents could work. To overcome this passivity, a significant amount of education - including especially from people from the community itself - is needed to encourage people to take advantage of the resources that are available. MCG is working on this and we will continue to as well. End comment.

TEFFT